2020

HALF-YEAR REPORT

flatex
AKTIENGESELLSCHAFT

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Group Key Performance Indicators

Group Key Performance Indicators

		1st HY 2020	1st HY 2019	Change in %
Operating business				
Transactions executed	number	13,119,461	5,791,626	+126.5
of which: B2C brokerage	number	12,162,473	5,271,940	+130.7
Number of customers	number	424,036	313,273	+35.4
of which: B2C brokerage	number	372,556	264,537	+40.8
Transactions per customer/year	number	61.88	36.97	+67.4
of which: B2C brokerage	number	65.29	39.86	+63.8
Customer assets under management	mEUR	13,634	12,813	+6.4
of which: custody volume	mEUR	12,229	11,869	+3.0
of which: cash deposits	mEUR	1,405	945	+48.7
Financials				
Revenues	kEUR	99,778	64,350	+55.1
EBITDA	kEUR	42,701	19,740	+116.3
EBIT	kEUR	35,773	13,779	+159.6
Half-year net profit	kEUR	22,374	8,547	+161.8
Earnings per share (undiluted)	EUR	1.14	0.46	+147.8
Earnings per share (diluted)	EUR	1.13	0.45	+151.1
Equity (30/06/2020 vs. 31/12/2019)	kEUR	204,383	182,202	+12.2
Total assets (30/06/2020 vs. 31/12/2019)	kEUR	1,780,163	1,265,962	+40.6
Equity ratio (30/06/2020 vs. 31/12/2019)	in %	11.5	14.4	-20.1
Operating cash flow from operating activities - before banking operations	kEUR	52,074	30,765	+69.3
Cash flow from banking operating activities	kEUR	421,452	-71,035	+693.3
Cost-income ratio	in %	47.9	55.2	-13.2
Employees (average)	number	544	524	+3.8
Segments				
	Revenues kEUR	90,500	55,667	+62.6
Financial Services (FIN)	EBITDA kEUR	39,821	12,594	+216.2
	Revenues kEUR	18,137	17,627	+2.9
Technologies (TECH)	EBITDA kEUR	2,880	7,147	-59.7
	Revenues kEUR	-8,859	-8,945	-1.0
Consolidation	EBITDA kEUR	-	-	-
	Revenues kEUR	**99,778**	**64,350**	**+55.1**
TOTAL	**EBITDA kEUR**	**42,701**	**19,740**	**+116.3**

Half-Year Group Management Report

Half-Year Group Management Report

Basis of presentation

The half-year consolidated group management report of flatex AG (hereinafter either “flatex”, “flatex Group” or “Group”) was prepared in accordance with Sections 315 and 315a of the German Commercial Code (HGB) in compliance with the German Accounting Standards (GAS 16 Interim Financial Reporting). All the information statements and figures contained within the report relates to the reporting date of 30 June, 2020 or the half-year reporting period from 1 January, 2020 to 30 June, 2020.

The personal pronouns “we”, “us” or “our” used in this half-year group management report refer to flatex AG together with its subsidiaries.

Forward-looking statements

This half-year group management report may contain forward-looking statements which may be identified by formulations such as “expect”, “want”, “anticipate”, “intend”, “plan”, “believe”, “aim”, “estimate”, “will” or similar expressions. Such forward-looking statements are based on current expectations and certain assumptions, which may be subject to a number of risks and uncertainties. The results actually achieved by flatex AG may substantially differ from these forward-looking statements. flatex AG assumes no obligation to update these forward-looking statements after publication or to correct them in case of developments which differ from those anticipated.

1 Economic report

1.1 Earnings position

Revenues increased by kEUR 35,428 to kEUR 99,778 compared to kEUR 64,350 in the first half-year 2019. The main sources of earnings are commission income, other operating income and interest income, which developed in the first half-year 2020 as follows.

The Group's gross commission income in the period from 1 January 2020 to 30 June 2020 amount to kEUR 76,915 (fist half-year 2019: kEUR 46,458), while net commission income, calculated as the surplus of gross commission income over commission expenses, amounted to kEUR 63,320 (first half-year 2019: kEUR 30,634). The significant increase in gross commission income by 66% is due in particular to the significant rise in transaction numbers due to the high volatility on the stock market in the first half of 2020. Furthermore, the number of customers who contributed organically to the growth in trades increased significantly.

Other operating income amounted to kEUR 12,125 (first half-year 2019: kEUR 11,347) and primarily included provision of the IT services in the operating business unit of flatex AG. After deducting other operating expenses, a result of kEUR 6,785 (first half-year 2019: kEUR 7,426) remains. Revenues are mainly generated with customers in Germany. The sold services are subject to a constant price/volume structure.

Gross interest income amounted to kEUR 10,738 (first half-year 2019: kEUR 6,546). Net interest income was kEUR 10,231 (first half-year 2019: kEUR 6,032). In comparison to the first six months of the previous year, net interest income rose by 70%, in particular due to the further expansion of the collateralised loan portfolio.

Personnel expenses amounted to kEUR 20,327 in the reporting period (first half-year 2019: kEUR 12,546). The main drivers for the increase in personnel expenses compared to the first six months of the previous year are a significant decrease in the capitalisation of product development expenses (first half-year 2019: kEUR -1,865) and additions to provisions for stock option plans (first half-year 2019: kEUR +2,579). Other administrative expenses amounted to kEUR 17,307 (first half-year 2019: kEUR 11,804). The main factors influencing other administrative expenses were increased marketing expenses for new customer acquisition.

All revenues, income and expenses of the Group were realised with customers and products from Europe, mainly in Germany, in the currency euro. Inflation and exchange-rate influences did not have a significant impact on the earnings situation.

In the reporting period from 1 January to 30 June, 2020, EBITDA increased by 116% to kEUR 42,701 (first half-year 2019: kEUR 19,740).

1.2 Financial position

Capital

The Group's capital structure is as follows:

In %	30/06/2020	31/12/2019	Change in percentage points
Equity ratio	11.5	14.4	-2.9
Debt ratio	88.5	85.6	2.9

Liabilities

The increase in liabilities by EUR 492 million to EUR 1,576 million resulted from the sharp rise in customer deposits as of the reporting date, particularly due to increased sales in connection with market developments.

There were non-current liabilities in the amount of kEUR 38,058 (31 December 2019: kEUR 38,710). These include mainly lease liabilities in accordance with IFRS 16 and pension obligations. In addition, there are deferred tax liabilities amounting to kEUR 10,939 (31 December 2019: kEUR 10,476). Non-current liabilities due to banks consist solely of a loan for a property used by the company itself. There are no other loans to third parties.

The structure of the liabilities is as follows:

In kEUR	30/06/2020	31/12/2019	Change in %
Total liabilities	**1,575,780**	**1,083,760**	**45.40**
Current liabilities	**1,537,722**	**1,045,051**	**47.14**
Customer deposits	1,429,248	950,777	50.32
Other	108,474	94,274	15.06
Non-current liabilities	**38,058**	**38,710**	**-1.68**
Non-current liabilities to banks	636	3,727	-82.93
Pension obligations	10,854	11,012	-1.44
Non-current liabilities from non-banks	15,630	13,495	15.82
Deferred tax liabilities	10,939	10,476	4.42
Contingent liabilities	17,106	216,827	-92.11

1.3 Liquidity

The cash flow statement of flatex AG – here in condensed form – shows the cash flows generated during the first half-year 2020:

Cash Flow

In kEUR	1st HY 2020	1st HY 2019
Cash flow from operating activities - before banking operations	52,074	30,765
Cash flow from banking operating activities	421,452	-71,035
Cash flow from operations	**473,526**	**-40,270**
Cash flow from investments	**-5,297**	**-15,165**
Cash flow from financing activities	**-4,494**	**7,666**
Cash and cash equivalents at the beginning of the period	468,616	655,046
Cash and cash equivalents at the end of the period	932,352	607,277

The cash flow from operations is mainly influenced by the change in the cash flow from banking operating activities due to the increase in customer deposits of flatex Bank AG. The increase in the cash flow from operating activities before banking operations results in particular from the positive development of the operating business and the increase in other financial liabilities from taxes. The free available cash on hand of flatex AG amounted to kEUR 71,454 as of 30 June 2020.

flatex AG was able to meet its financial obligations at all times. No liquidity shortages occurred in the first half-year of 2020, nor are any liquidity shortages expected in the foreseeable future.

The significance of the cash flow statement is limited for flatex AG, and it is therefore not being used as a financial management tool. In particular, the composition of the cash flow statement is strongly influenced by changes in customer cash deposits and ensuing investment decisions by customers.

1.4 Financial position

In kEUR	30/06/2020	31/12/2019
Assets	**1,780,163**	**1,265,962**
Non-current assets	171,749	179,700
Current assets	1,608,414	1,086,262
Liabilities and shareholders' equity	**1,780,163**	**1,265,962**
Equity	204,383	182,202
Non-current liabilities	38,058	38,710
Current liabilities	1,537,722	1,045,051

The balance sheet total increased by EUR 514 million to EUR 1,780 million. The increase is mainly due to the sharp rise in customer deposits as of the balance sheet date. There are no inflation and exchange-rate influences with a significant impact on the financial situation.

1.5 General statement on business development and the situation of the Group

flatex AG successfully continued its course of profitable growth in the first half of the 2020 financial year. In the first half of the year, the Group generated revenues of kEUR 99,778 (first half-year 2019: kEUR 64,350) and an EBITDA margin of 42.8% (first half-year 2019: 30.7%), thus exceeding management's expectations from the Group management report for the 2019 financial year.

The number of customers in the FIN segment rose by 17.6% in the first half of 2020. As a result of the customers gained and the high volatility on the markets triggered by the COVID-19 pandemic, the number of transactions more than doubled year-on-year to 13.119 million (first half-year 2019: 5.792 million transactions). The collateralised loan book was further expanded in the reporting period. These factors are reflected in the pleasing development of the segment's key financial figures.

The TECH segment also made a positive contribution to business. One main focus was on the expansion and further development of the core banking system FTX:CBS, particularly in view of the forthcoming internationalisation and the acquisition of DEGIRO B.V., Amsterdam (hereinafter "DEGIRO").

Overall, the Management Board of flatex AG considers the Group's business performance to have been extremely successful, with the Group exceeding its main targets for the past six months.

2 Forecast, opportunities and risk report

2.1 Forecast report

The forecast period refers to the second half of the 2020 financial year and covers six months. The forecast from the previous management report, relating to the full year 2019, may be exceeded. Due to the positive influence of volatility on transaction figures, the pro forma target for the entire year 2020 was reached much earlier. Due to the expected continuation of the positive business development in the second half of the year, the forecast of the key performance indicators was adjusted. In the following, only continuing operations and business processes of extraordinary importance are discussed in the context of the forecast.

Expected business performance in the FIN segment

On 21 July 2020, flatex AG received a declaration of no objection from De Nederlandsche Bank (DNB), Amsterdam, in accordance with the application, regarding the acquisition of additional shares for the complete acquisition of 100% of the shares in DEGIRO B.V., based in Amsterdam (as of the reporting date, flatex AG held a share of 9.44%). Due to the corresponding staggered acquisition of all further shares, flatex AG has held 100% of the shares in DEGIRO B.V., Amsterdam, since 30 July 2020. The initial consolidation of DEGIRO into the flatex Group is planned for 1 August 2020. The purchase price allocation is currently being prepared, therefore further details of the company transaction will be provided on the next reporting date. In this respect, DEGIRO will have a positive impact on the FIN segment in the second half of 2020.

DEGIRO operates as a Dutch securities trading bank. With the German banking license of flatex Bank AG and the European passport, flatex Bank AG will form the regulatory foundation for flatex and support DEGIRO in various product areas.

Pro forma, the FIN segment had more than 37 million transactions with over 1 million customers (including DEGIRO) after six months. Both the business and financial figures illustrate the operational economies of scale of the business model, which have already been reflected in the first quarter. With 13.1 million transactions completed in the first half of the year, flatex Bank AG recorded a preliminary pre-tax result that is more than twice as high as that of the entire year 2019 with 12.3 million transactions completed. For the whole year 2020, pro forma up to 50 million transactions are expected to be settled and more than 1.2 million customers by the end of the year

Expected business performance in the TECH segment

The successful integration of DEGIRO into the business processes of flatex AG is – in addition to organic growth on both sides – the primary strategy of the TECH segment. The FTX:CBS will be expanded here to include additional country-specific regulatory, local accounting and tax requirements. This results in a sustainable increase in business activities with increasing exploitation of economies of scale.

Forecast of key performance indicators

The positive result as of 30 June 2020 exceeds the expectations for the company as a whole. A continuation of the positive business development is also expected for the second half of the year. The forecast for 2020 whole will therefore be adjusted accordingly:

	Consolidated		FIN		TECH	
	2020	2019	2020	2019	2020	2019
Number of customers	-	-	strongly increasing	368,133	-	-
Number of accounts	-	-	strongly increasing	454,484	-	-
Number of transactions	-	-	strongly increasing	12,274,525	-	-
Revenues in kEUR	strongly increasing	131,952	-	-	-	-
EBITDA margin in %	significantly increasing	28.5	significantly increasing	18.8	moderately increasing	45.2

Description	Extent of change
Moderately	+/- 0.1 to 5.0 %
Slightly	+/- 5.1 to 10.0 %
Significantly	+/- 10.1 to 20.0 %
Strongly	+/- 20.1 % and more

2.2 Report on opportunities and risks

With regard to the opportunities and risks, the information provided in the previous management report basically remains unchanged. These already included, among other things, significant statements on opportunities and risks associated with the effects of the COVID-19 pandemic (see 'Opportunities report' on page 46 and 'Risk report' on page 53 of the Annual Report 2019).

The high volatility on the markets triggered by the COVID-19 pandemic continues and, together with the strong increase in new customer growth, is resulting in a significant rise in transactions in the Group‘s brokerage business. In the lending business, there were still no significant anomalies in connection with the COVID-19 pandemic. The initial exceeding of the lending values of the collateralised loans were largely overcome with the recovery of the markets that has since taken place and the risk-minimising measures taken, particularly in the dunning process. Overall, the monitoring and reporting of the loan portfolio continues to be more closely timed due to the uncertainties caused by the pandemic.

With regard to the operation of the flatex Group itself, there have still been no restrictions due to the independent in-house IT infrastructure with largely automated processes. The employees work predominantly in their home office. The overall situation will continue to be carefully analysed and necessary protective measures as well as recommendations from the authorities and institutes will continue to be observed and implemented immediately.

Despite of the current macroeconomic environment and the considerable uncertainties associated with it, flatex AG assumes, based on current knowledge and analyses as well as the expected course of business, that the forecasts for the 2020 fiscal year, which were adjusted in the first half of 2020, will be met.

3 Collateralisation of the legal representatives (responsibility statement)

'We hereby affirm that, in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.'

Frankfurt am Main, 30 July 2020
flatex AG

Frank Niehage
CEO, Chairman of the Management Board

Muhamad Said Chahrour
CFO, Member of the Management Board

Half-Year Consolidated Financial Statements

Half-Year IFRS Consolidated Balance Sheet

as of 30 June 2020

In kEUR	Note	30/06/2020	31/12/2019
Assets		**1,780,163**	**1,265,962**
Non-current assets		**171,749**	**179,700**
Intangible assets		93,879	92,722
Goodwill		36,555	36,555
Internally generated intangible assets		47,492	45,730
Customer relationships		6,007	6,319
Other intangible assets		3,825	4,118
Property, plant and equipment		18,388	16,265
Financial assets and other assets		1,494	1,305
Non-current loans due to customers	10	57,988	69,409
Current assets		**1,608,414**	**1,086,262**
Inventories and work in progress		9	99
Trade receivables		11,853	12,220
Other receivables		7,089	1,026
Other current financial assets		657,111	604,302
Financial assets measured at fair value through other comprehensive income (FVOCI)	10	80,128	61,547
Financial assets measured at fair value through profit or loss (FVPL)	10	214	214
Cash loans due to local authorities	10	388	14,056
Current loans due to customers	10	422,622	362,552
Equity instruments measured at fair value through other comprehensive income (FVOCI-EK)	10	63,757	68,644
Equity instruments measured at fair value through other profit or loss (FVPL-EK)	10	65,746	66,049
Other receivables due to banks	10	24,256	31,239
Cash and cash equivalents	10	932,352	468,616
Bank balances		66,489	29,913
Cash on hand		71,454	15,821
Balances with central banks		700,749	356,868
Receivables due to banks (on demand)		93,660	66,013

In kEUR	Note	30/06/2020	31/12/2019
Liabilities and shareholders' equity		**1,780,163**	**1,265,962**
Equity		**204,383**	**182,202**
Subscribed capital		19,703	19,596
Additional paid-in capital		107,839	106,894
Retained earnings		76,316	55,200
Shares of minority shareholders		525	512
Liabilities		**1,575,780**	**1,083,760**
Non-current liabilities		**38,058**	**38,710**
Non-current liabilities to banks		636	3,727
Non-current liabilities to non-banks	9	15,630	13,495
Pension obligations		10,854	11,012
Deferred tax liabilities		10,939	10,476
Current liabilities		**1,537,722**	**1,045,051**
Trade payables		4,833	5,581
Liabilities to customers		1,429,248	950,777
Liabilities to banks		57,227	71,694
Other financial liabilities	7	20,108	6,131
Tax provisions		13,815	1,193
Other provisions	8	12,491	9,674

Half-Year IFRS Consolidated Statement of Income

as of 1 January to 30 June 2020

In kEUR	Note	1st HY 2020	1st HY 2019
Revenues	11	99,778	64,350
thereof interest income from financial instruments measured at amortised cost		10,494	6,157
Raw materials and consumables		19,442	20,259
thereof impairment losses		2,869	1,586
Personnel expenses	12	20,327	12,546
Other administrative expenses	13	17,307	11,804
Consolidated earnings before interest, taxes, depreciation and amortisation (EBITDA)		**42,701**	**19,740**
Depreciation		6,928	5,962
Consolidated earnings before interest and income tax (EBIT)		**35,773**	**13,779**
Financial result		-1,701	-1,153
Consolidated earnings before income tax (EBT)		**34,072**	**12,625**
Income tax expense		11,698	4,079
Consolidated net profit from continuing activities		**22,374**	**8,547**
Consolidated net profit from discontinued activities		-	-
Consolidated net profit		**22,374**	**8,547**
Minority shareholders' share of income		13	9
Majority shareholders' share of income		22,361	8,538

Half-Year IFRS Consolidated Statement of other Comprehensive Income

as of 1 January to 30 June 2020

In kEUR	Note	1st HY 2020	1st HY 2019
Consolidated net profit		**22,374**	**8,547**
Income and expense items recognised directly in equity			
Pensions		**-**	**-**
Actuarial gains/losses		-	-
Remeasurement of plan assets		-	-
Reimbursement rights		-	-
Adjustment for previous year		-	-
Securities			
Change in value reported in equity		-1,398	1,350
Deferred tax		**234**	**-432**
Pensions		-	-
Securities		234	-432
Total other earnings/losses		**-1,164**	**918**
Comprehensive income		**21,210**	**9,465**

Half-Year IFRS Consolidated Cash Flow Statement

as from 1 January to 30 June 2020

In kEUR	1st HY 2020	1st HY 2019
Consolidated net profit from continuing activities	**22,374**	**8,547**
Depreciation and amortisation/appreciation on property, plant and equipment and intangible assets	6,525	5,899
Increase/decrease in trade receivables	365	5,225
Increase/decrease in other receivables, deferred tax assets, coverage	-6,252	3,054
Increase/decrease in inventories	-8	89
Increase/decrease in trade payables	-748	-1,759
Increase/decrease in other financial liabilities	14,074	7,266
Increase/decrease in provisions, changes in deferred taxes, pension obligations	2,659	-1,142
Income tax expense	11,698	4,079
Income tax payments	1,386	-492
Other non-cash transactions	-	-
Cash flow from operating activities – before banking operations	**52,074**	**30,765**
Increase/decrease in receivables from customers	-48,649	-12,631
Increase/decrease in receivables from cash loans due to local authorities	13,668	-5,640
Increase/decrease of receivables due to banks	6,984	-1,982
Increase/decrease in liabilities to customers	478,471	-38,255
Increase/decrease of liabilities to banks	-14,467	-1,025
Increase/decrease in financial assets measured at FVOCI	-13,694	-12,722
Increase/decrease in financial assets measured at FVPL	303	-131
Other non-cash transactions	-1,164	1,350
Cash flow from banking operating activities	**421,452**	**-71,035**
Cash flow from operations – continuing activities	**473,526**	**-40,270**
Cash flow from discontinued operations	-	-
Cash flow from operations	**473,526**	**-40,270**

In kEUR	1st HY 2020	1st HY 2019
Proceeds from the disposal of intangible assets	14	-
Disbursements for investments in intangible assets	-4,621	-7,457
Proceeds from the disposal of fixed assets	1	22
Disbursements for investments in fixed assets	-691	-7,460
Proceeds from disposals from the scope of consolidation	-	-66
Non-cash changes in fixed assets	-	-204
Cash flow from investments in continuing activities	**-5,297**	**-15,165**
Cash flow from investments in discontinued operations	-	-
Net cash flow from investing activities	**-5,297**	**-15,165**
Increase/decrease in non-current liabilities to banks (loans)	-3,090	-3,083
Increase/decrease in non-current liabilities to non-banks	-	4,645
Increase/decrease in leases	-2,374	-
Proceeds from equity contributions by shareholders of the parent company	1,053	6,104
Non-cash changes in equity	-82	-
Cash flow from financing activities	**-4,494**	**7,666**
Change in cash and cash equivalents	**463,736**	**-47,769**
Cash and cash equivalents at the beginning of the period	468,616	655,046
Cash and cash equivalents at the end of the period	**932,352**	**607,277**

Additional information according to IAS 7

In kEUR	As of 01/01/2020	Cash changes	Non-cash changes					As of 30/06/2020
			Acquisitions	Currency effects	Fair values	Reclassifi-cations	Other	
Non-current liabilities								
Liabilities to banks	3,727	-3,091	-	-	-	-	-	636
Liabilities to non-banks	13,495	2,135	-	-	-	-	-	15,630
Total	**17,221**	**-956**	**-**	**-**	**-**	**-**	**-**	**16,266**

Half-Year IFRS Consolidated Statement of Changes in Equity

as of 30 June 2020

In kEUR	Subscribed capital	Additional paid-in-capital	Retained earnings	Actuarial gains/ losses	Unrealised gains/losses from financial assets, measured at fair value through other comprehensive income (FVOCI)	Total	Minority interests	Total equity
As of 31/12/2018*	**18,737**	**101,406**	**43,472***	**2,085**	**-2,536**	**163,164***	**490**	**163,655***
Issue of new shares	819	-	-	-	-	819	-	819
Contributions to/withdrawals from reserves	-	5,284	-	-	-	5,284	-	5,284
Changes in the scope of consolidation not involving a change of control	-	-	-	-	-	-	-	-
Other earnings/losses	-	-	-	-	1,350	1,350	-	1,350
Consolidated net profit	-	-	8,538	-	-	8,538	10	8,548
As of 30/06/2019	**19,556**	**106,690**	**52,010**	**2,085**	**-1,186**	**179,156**	**500**	**179,656**
As of 31/12/2019	**19,596**	**106,894**	**53,681**	**1,554**	**-35**	**181,689**	**512**	**182,202**
Issue of new shares	108	945	-	-	-	1,053	-	1,053
Contributions to/withdrawals from reserves	-	-	796	-	-	796	-	796
Changes in the scope of consolidation not involving a change of control	-	-	-878	-	-	-878	-	-878
Other earnings/losses	-	-	-	-	-1,164	-1,164	-	-1,164
Consolidated net profit	-	-	22,361	-	-	22,361	13	22,374
As of 30/06/2020	**19,703**	**107,839**	**75,960**	**1,554**	**-1,199**	**203,857**	**525**	**204,382**

*Previous year's figures were adjusted. For a detailed presentation, see Annual Report 2019 Note 7

Notes to the Half-Year Consolidated Financial Statement as of 30 June 2020

This interim report does not include all the disclosures in the notes that are usually included in the consolidated financial statements. Therefore, this report should be read in conjunction with the consolidated financial statements for the year ended 31 December 2019 and all public pronouncements made by the Group during the interim period.

NOTE 1 About the Group

The half-year consolidated financial statements presented here are those of flatex AG and its subsidiaries.

flatex AG is headquartered in Frankfurt am Main, Germany; its Frankfurt commercial register number is HRB 103516. The registered business address is Rotfeder-Ring 7, 60327 Frankfurt am Main, Germany.

The registered no-par-value shares of the company are traded on the regulated open market (ISIN DE000FTG1111 / German securities code FTG111).

The Group's business activities are the supply of innovative technologies for the financial sector in general and for online brokerage in particular, as well as the provision of financial services and IT services.

At the reporting date flatex AG's immediate parent company is GfBk Gesellschaft für Börsenkommunikation mbH, Kulmbach. The ultimate parent company at the reporting date of the Group is BFF Holding GmbH, Kulmbach.

The consolidated interim financial statements were authorised for publication by the Management Board on 17 August 2020.

NOTE 2 Basis of preparation

These consolidated interim financial statements are in full compliance with the International Financial Reporting Standards that are mandatory in the European Union as of 1 January 2020 and the supplementary provisions of German commercial law pursuant to Section 315e of the German Commercial Code (HGB). The abridged half-year consolidated interim assumption of accounting financial statements of flatex AG are based on going concern and also take into account the requirements of IAS 34 for interim reporting in particular. With the exception of the changes listed in Note 5, the same accounting policies and calculation methods were applied as in the consolidated financial statements of flatex AG as of 31 December 2019.

flatex AG presents information in thousands or millions of currency units. Generally, the information is expressed in millions of units. For detailed information on the income statement, information is presented in thousands of units. The presentations in thousands and millions of units are rounded. When calculating with rounded numbers, slight rounding differences may occur.

The presentation currency is the euro.

NOTE 3 Scope of consolidation

In the first half-year 2020, there was no change in the group of consolidated companies.

NOTE 4 Estimates and assumptions

The preparation of the consolidated financial statements in compliance with IFRS implies the adoption of assumptions and the use of estimates which have an impact on the amounts and the disclosure of assets and liabilities and/or revenues and expenses. All available information has been taken into account in this regard. The assumptions and estimates relate mostly to the stipulation of useful lives in a consistent manner throughout the Group, the determination of recoverable amounts for impairment testing of individual CGUs, and the recognition and measurement of provisions. Of particular importance are also the estimation uncertainties resulting from the tense current interest-rate situation on the financial markets. These relate in particular to the amount of the pension provisions reported. The effects of the current global COVID-19 pandemic are also of extraordinary importance. The resulting estimation uncertainties relate in particular to the valuation of credit commitments and the recognition of risk provisions. Thus, the actual values may differ from the estimates. New information is taken into account as soon as it becomes available. At the time of preparing the half-yearly consolidated financial statements, it is not assumed that there have been any significant changes to the assumptions and estimates, with the exception of those mentioned above.

With the exception of the changes in accounting policies described in the following note, the preparation of the half-year consolidated financial statements is based on the same assumptions and estimates as the preceding consolidated financial statements.

NOTE 5 Significant changes in accounting and valuation methods

The following changes of standards were mandatory for flatex AG for the first time in fiscal year 2020:

Adjustments to IAS 1 and IAS 8

The provisions of IAS 1, which apply to financial years beginning on or after 1 January 2020, sharpen the definition of the term “material” in order to improve the information provided to users of financial statements on financial information. The relevance of disclosures in the notes is to be increased and the assessment of the materiality of information is to be made easier. The previously applicable definitions of material in IAS 8 have been adjusted in such a way that reference is now made to the new regulations of IAS 1. flatex AG applies the applicable definitions and amended standards accordingly.

Revision of the IFRS framework

The revised version of the IFRS framework in force since 1 January 2020 has no direct impact on individual IFRS or IAS. The framework concept serves as a basis for the preparation and future revision of the standards as well as for clarifying accounting issues that are not specified in detail by IFRS or IAS. Insofar as matters to be accounted for are not sufficiently specified via the applicable standards, flatex AG will apply the revised version of the framework concept.

Definition of a business operation according to IFRS 3

By concretising the definition of a business operation according to IFRS 3, it is determined which criteria must be examined in the case of business combinations and the acquisition of assets with regard to accounting as a business operation or asset. This can be determined by means of the introduced concentration test. This test checks whether the acquired value is concentrated in one asset. If this is the case, the conclusion is that no business has been acquired. In the reporting period from 1 January 2020 to 30 June 2020, no such assets were acquired that would necessitate an assessment.

Amendments to IFRS 9, IAS 39 and IFRS 7 regarding the effects of the IBOR reform

As part of the reform of the reference interest rates, amendments were made to IFRS 9 and 7 and IAS 39. Application of the adjusted standards is mandatory from 1 January 2020. The amendments are intended to mitigate the effects of the IBOR reform on financial reporting. They affect the period before an existing reference interest rate of a hedging instrument is replaced by an alternative interest rate (phase 1). The previously applicable regulations sometimes led to the termination of hedge accounting if there was uncertainty about the reference interest rate following the replacement. As in the previous year, flatex AG does not make use of the option of hedge accounting.

NOTE 6 Stock option plans

Description of stock option plans 2014 and 2015

flatex AG has set up stock option plans to ensure that the total remuneration paid to its managers is competitive. The first stock option plan was launched in 2014. Pre-emptive rights from this programme were first issued in 2015. Each pre-emptive right issued pursuant to the stock option plan gives the holder the right to acquire one bearer share of flatex AG against payment of the stipulated strike price. The strike price is determined on the basis of the average closing price of the share over a fixed period of time preceding the adoption of the relevant resolution at the Annual General Meeting, minus a discount.

The maturity of these pre-emptive rights is six years from the date of issuance; they may only be exercised upon the expiration of a waiting period (vesting period) of four years. The right to exercise is conditional upon the share price having risen by at least 100%, on any stock exchange trading day, during a period of two years from the date of issuance of such pre-emptive rights (trigger – 2014 stock option plan). Only in the event of a change of control as defined in the authorisation and, if applicable, in subsequent amendments to the option terms, or in the event of a delisting, may flatex AG pay, or may the holders of pre-emptive rights demand, a cash settlement in lieu of shares (in some cases also before the end of the vesting period).

A second stock option plan was launched in 2015 by another resolution of the Annual General Meeting (2015 stock option plan). In light of the development of the stock price, the terms of this second plan were modified with regard to the condition for exercise, in that the stock price must now have risen by at least 50%, on any stock exchange trading day, during a period of two years from the date of issuance of such pre-emptive rights (trigger – 2015 stock option plan). The other terms remain the same as those applicable to the first programme.

Description of Stock Appreciation Rights Plan 2020

In addition to the stock option plans, flatex AG introduced the Stock Appreciation Rights Plan 2020 (SAR Plan 2020) in May 2020. Under the SAR Plan 2020, one million stock appreciation rights are available, which can be issued to Management Board members and employees as a long-term commitment instrument. After a waiting period of three years, these can be exercised by the entitled persons within another three years. A further 400,000 SARs are also available, which can be granted to members of the Management Board and employees as part of a purchase model. The prerequisite for granting further SARs under the purchase model is the acquisition of shares in flatex AG. In May and June 2020, SARs were granted to Management Board members and employees for the first time.

Each SAR entitles the holder to a cash payment only, 50% of which depends on the development of the share price and 50% on the development of earnings per share.

The SARs vest pro rata temporis over the three-year vesting period. Leaving the company after the end of the waiting period does not result in the SAR expiring.

Overview of accounting and valuation status

Stock option plans 2014 and 2015

In the first half of 2020 107,500 stock options were exercised. A further 209,000 stock options were exercisable as of 30 June 2020. For the first half-year 2020 a pro rata expense of kEUR 35 was recognised in the income statement and transferred to the capital reserve.

Stock Appreciation Rights Plan 2020

The Stock Appreciation Rights Plan 2020 represents a share-based payment which is accounted for as a cash-settled plan in accordance with IFRS 2. A provision is recognised as an expense over the vesting period. The expenses are recognised under personnel expenses. The provision is measured using a suitable option price model (Black–Scholes formula) and taking into account a forecast EPS at the expected exercise date.

The intrinsic value of already-vested SARs was kEUR 26,195 as of 30 June 2020. The provision structure to be formed for this purpose corresponds to a declining trend over the SAR term, with 70% of the expenses being charged to the first year of the term.

As of 30 June 2020, a provision of kEUR 2,670 (first half-year 2019: EUR 0) was recognised for the SAR Plan 2020 and expenses of kEUR 2,670 (first half-year 2019: EUR 0) were recognised.

NOTE 7 Other financial liabilities

Other financial liabilities comprise the following:

In kEUR	**30/06/2020**	**31/12/2019**
Tax liabilities	19,277	5,572
Accruals and deferrals	150	559
Other financial liabilities	682	-
Total	**20,108**	**6,132**

The other financial liabilities of kEUR 20,108 (31 December 2019: kEUR 6,132) primarily comprise tax liabilities from capital gains tax, which must be withheld and paid for customer transactions. The increase in other financial liabilities of kEUR 13,976 resulted from the higher number of customer transactions in the first half-year 2020 and the related tax liabilities.

NOTE 8 Other provisions

Other provisions as at 30 June 2020 amounted to kEUR 12,491 (31 December 2019: kEUR 9,674) and mainly comprise contribution costs, audit and year-end closing costs, outstanding invoices and personnel costs.

NOTE 9 Non-current liabilities to non-banks (leases)

Non-current liabilities to non-banks comprise the following:

In kEUR	30/06/2020	31/12/2019
Non-current liabilities to non-banks		
Liabilities from leases	12,537	10,062
Liabilities from hire purchasing	3,093	3,433

NOTE 10 Financial instruments

The following table presents the carrying amounts and the fair values of each financial assets and liabilities depending on the nature of the business model and the measurement category:

In kEUR	30/06/2020	31/12/2019
'Hold until maturity' business model		
Amortised cost[1]		
Non-current loans due to customers	57,988	69,409
Cash loans due to local authorities	388	14,056
Current loans due to customers	422,622	362,552
Other receivables due to banks	24,256	31,239
Cash and cash equivalents	932,352	468,616
'Hold to collect and sell' business model		
Financial assets measured at fair value through other comprehensive income (FVOCI)	80,128	61,547
'Hold to sell' business model		
Financial assets measured at fair value through profit or loss (FVPL)	214	214
Equity instruments without trading intent		
Equity instruments measured at fair value through other comprehensive income (FVOCI-EK)	63,757	68,644
Equity instruments measured at fair value through profit or loss (FVPL-EK)	65,746	66,049
Financial liabilities		
Financial liabilities measured at amortised cost (including trade payables)[1]	1,527,682	1,051,405

[1] The book values represent adequate approximation for the fair value.

In principle, the loan portfolio is almost fully collateralised. The majority of the loans mature in less than one year, so there is no material difference between the carrying amount and the fair value for these loans. The majority of the long-term loans to customers mature in less than two years. Furthermore, there has been no material change in the interest rate environment relevant to measurement. Therefore, according to currently available information, the carrying amount of these loans also represents an appropriate approximation of their fair value.

The following table summarises the financial instruments measured at fair value in accordance to their measurement hierarchy levels:

In kEUR	Level 1 30/06/2020	Level 1 31/12/2019	Level 2 30/06/2020	Level 2 31/12/2019	Level 3 30/06/2020	Level 3 31/12/2019
'Hold until maturity' business model						
Amortised cost[1]						
Non-current loans due to customers	-	-	-	-	57,988	69,409
Cash loans due to local authorities	-	-	-	-	388	14,056
Current loans due to customers	-	-	-	-	422,622	362,552
Other receivables due to banks	-	-	-	-	24,256	31,239
Cash and cash equivalents	-	-	-	-	932,352	468,616
'Hold to collect and sell' business model						
Financial assets measured at fair value through other comprehensive income (FVOCI)	80,128	61,547	-	-	-	-
'Hold to sell' business model						
Financial assets measured at fair value through profit or loss (FVPL)	214	214	-	-	-	-
Equity instruments without trading intent						
Equity instruments measured at fair value through other comprehensive income (FVOCI-EK)	38,970	43,857	-	-	24,787	24,787
Equity instruments measured at fair value through profit or loss (FVPL-EK)	-	-	-	-	65,746	66,049
Financial liabilities						
Financial liabilities measured at amortised cost (including trade payables)[1]					1,527,682	1,051,405

[1] The book values represent adequate approximation for the fair value.

Level 2 financial instruments did not exist as at the reporting date, since no investments were made as of the previous or current reporting date. Financial instruments in level 3 relate to the shares in DEGIRO B.V., Amsterdam, measured at FVOCI, and the shares in the SICAV companies measured at FVPL.

Financial instruments that are recognised at fair value

flatex AG carries out fair value measurements of selected financial instruments on a regular/recurrent basis.

Fair values for the instruments in these three categories are based on quoted prices in active markets that the entity can access on the measurement date (level 1 of the valuation techniques for the fair value hierarchy according to IFRS 13). This includes fixed income securities, mutual funds, and equities.

The fair value of financial instruments listed in active markets accessible to the Group is determined on the basis of observable market price quotations, insofar as these represent prices used in regular and current transactions, and is primarily to be recognised as a fair value on the valuation date (market to market).

The fair value disclosed for these instruments is to be categorised as level 3 input in the fair value hierarchy. The inputs for the fair-value measurement of loans and receivables as well as financial liabilities are the prices that were agreed between flatex AG and its contract partners for individual transactions. This relates to receivables from long-term loans in the area of special financing and long-term loan liabilities.

The shares of the SICAV companies measured at fair value through profit or loss are not traded in an active market. There are also no input factors that can be derived from market parameters and are relevant for measurement. The shares in the SICAVs were acquired in the second half of 2019. Current valuations did not result in any material changes to the acquisition costs as of the reporting date, and thus no material difference to the fair value. The current valuations are based on the extrapolated values of net assets per fund unit.

The Group did not measure any financial liabilities at fair value as at 30 June 2020.

Held collateral

flatex AG does not hold any financial or non-financial collateral according to IFRS 7.15.

Provided collateral

The Group has provided collateral with the clearing and depositary agents of flatex Bank AG for the processing of the bank´s financial commission business. The collateral is largely provided in the form of deposited securities. As of 30 June 2020, the carrying amount of provided collateral amounts to kEUR 83,364 (31 December 2019: kEUR 50,675).

In addition, the Group has provided collateral for the financing of an owner-occupied business property in the state of North Rhine-Westphalia. Collateral is provided in the form of a registered mortgage in the amount of kEUR 1,500 against the owner-occupied business property, in favour of the lender of instalment loan. The loan amount as of 30 June 2020 is kEUR 625 (31 December 2019: kEUR 708).

Changes in risk provisions

The changes in the risk provisions in the first half of 2020 were as follows:

In kEUR	12-month-ECL	Total ECL maturity – unimpaired financial instruments	Total ECL maturity – depreciated financial instruments	Total
Risk provision at 01/01/2020	**851**	**665**	**10,254**	**11,771**
Changes in the provision for losses of financial assets including newly issued or acquired financial assets	84	1,144	1,585	2,813
Reclassifications due to deterioration in credit quality	-	-	-	-
to total ECL maturity – unimpaired financial instruments	-25	-	-	-25
to total ECL maturity – depreciated financial instruments	-	-	-	-
Changes in impairment for irrevocable loan commitments	5	-	-	5
Risk provision at 30/06/2020	**915**	**1,810**	**11,839**	**14,564**

As a result of the risk-adequate evaluation and representation of the higher credit utilisation and the overall increase in turnover in the brokerage business, risk provisions increased as of the reporting date. Due to the high collateralisation of the loan portfolio, no further additions were necessary as of the reporting date as a result of the COVID-19 pandemic. Due to the high level of collateralisation, there were no material changes in gross carrying amounts as of the reporting date. In addition, new information on individual exposures was taken into account in the context of risk provisioning and allocation to levels.

NOTE 11 Revenues

Revenues for the reporting period were composed as follows:

In kEUR	30/06/2020	30/06/2019
Commission income	76,915	46,458
Other operating income	12,125	11,347
Interest income	10,738	6,546
Total	**99,778**	**64,350**
Timeline of revenues recognition		
at a certain time	99,778	64,350
over a period	-	-

In total, revenues increased by kEUR 35,428 to kEUR 99,778 in the first half-year 2020 (first half-year 2019: kEUR 64,350). The main driver of this increase was commission income.

In the first half-year 2020, commission income in the amount of kEUR 76,915 (first half-year 2019: kEUR 46,458) was generated primarily from the flatex and ViTrade brokerage business and the B2B services of flatex Bank AG. The 66% increase is mainly due to organic growth as well as the high stock market volatility triggered by the COVID-19 pandemic and the resulting high number of transactions. This includes new customer promotions in which securities trading was made possible at a reduced transaction fee of EUR 3.90 per transaction. The positive development is offset by a decline in the Institutional Brokerage division, which is related to the termination of the provision of the liability umbrella to FIB Management AG in 2019.

From other sales, including the provision of IT services, the Group generated sales of kEUR 12,125 (first half-year 2019: kEUR 11,347). The main items here are IT services with the FTX:CBS and OTC trading system L.O.X. flanked by further development services for customers from the Technologies segment.

The Group fulfils its performance obligations by executing an order or providing IT services. Income from commission and interest income is allocated to the Financial Services segment. The IT services included in other revenues relate exclusively to the Technologies segment.

NOTE 12 Personnel expenses

The personnel expenses incurred break down as follows:

In kEUR	30/06/2020	30/06/2019
Wages and salaries	15,374	10,542
Social security contributions and discretionary benefits	2,626	2,390
Income/expenses for pension obligations and employee benefits	-378	-386
Expenses for stock option plans	2,705	-
Total	**20,327**	**12,546**

Personnel expenses increased by kEUR 7,781 to kEUR 20,327 compared to the previous year‘s reporting date. This increase is due in particular to the kEUR 4,832 rise in expenses for wages and salaries. This is due to an increase in the average number of employees by 20 to 544 and a slight rise in gross personnel costs per capita. In addition, product development services for intangible assets according to IAS 38 decreased by kEUR 1,860. For the first time, expenses for the newly introduced Stock Appreciation Rights Plan (see Note 6) in the first half of 2020 amounted to kEUR 2,705 (first half-year 2019: EUR 0).

NOTE 13 Other administrative expenses

Other administrative expenses for the reporting period break down as follows:

In kEUR	30/06/2020	30/06/2019
Marketing and advertising	8,445	3,236
Bank-specific contributions	1,810	1,160
Legal and professional services	1,466	1,670
Premises	1,311	1,117
IT	1,290	1,179
Insurance, contributions, official fees	1,103	623
Other expenses	876	1,677
Postage and office supplies	538	359
Vehicle expenses	217	368
Travel	186	364
Entertainment	64	50
Total	**17,307**	**11,804**

The increase in other administrative expenses by kEUR 5,503 to kEUR 17,307 compared to the previous year‘s reporting date is primarily due to the increase in marketing and advertising expenses by kEUR 5,209 as of 30 June 2020. Marketing and advertising expenses in the first half-year 2020 include in particular the general advertising costs for flatex and expenses for campaigns to acquire new customers.

NOTE 14 Segment reporting in accordance with IFRS 8

As in the 2019 consolidated financial statements, flatex AG divides its activities into the two segments FIN and TECH:

Segment report for continuing activities in the first half-year 2020

In kEUR	FIN	TECH	Consolidation	Total
Total net revenues	90,500	18,137	-8,859	99,778
Raw materials and consumables	23,299	1,707	-5,564	19,442
Personnel expenses	12,843	10,093	-2,609	20,327
Other administrative expenses	14,536	3,457	-686	17,307
EBITDA	**39,821**	**2,880**	-	**42,701**
Depreciation				6,928
Consolidated earnings before interest and income tax (EBIT)				**35,773**
Net financial income/finance costs				-1,701
Consolidated earnings before income tax (EBT)				**34,072**
Income tax expense				11,698
Consolidated net profit from continuing activities				**22,374**
Consolidated net profit				**22,374**

Segment report for continuing activities in the first half-year 2019

In kEUR	FIN	TECH	Consolidation	Total
Total net revenues	55,667	17,627	-8,945	64,350
Raw materials and consumables	24,071	1,750	-5,562	20,259
Personnel expenses	10,116	4,578	-2,148	12,546
Other administrative expenses	8,887	4,152	-1,235	11,804
EBITDA	**12,594**	**7,147**	-	**19,740**
Depreciation				5,962
Consolidated earnings before interest and income tax (EBIT)				**13,779**
Net financial income/finance costs				-1,153
Consolidated earnings before income tax (EBT)				**12,625**
Income tax expense				4,079
Consolidated net profit from continuing activities				**8,547**
Consolidated net profit				**8,547**

NOTE 15 Related party relationships and transactions

In May 2020, a new stock option plan for share-based payment was introduced, which also affects key management personnel. Please refer to Note 6 of this report for further details.

On 30 May 2020, the Supervisory Board of flatex AG unanimously approved the early reappointment of the current Management Board members Frank Niehage (CEO) and Muhamad Said Chahrour (CFO) until 31 May 2025.

Apart from this, there have been no significant changes regarding transactions between the Group companies and other related parties and their composition compared with the previous reporting date. We therefore refer to the Annual Report 2019, Note 28.

NOTE 16 Earnings per share

The result per share for the first half-year 2020 is EUR 1.14 (undiluted) and EUR 1.13 (diluted).

The number of average shares outstanding during the first half-year 2020 were 19,648,027 (undiluted) and 19,776,674 (diluted).

NOTE 17 Dividends

No dividends were distributed by flatex AG during the reporting period.

NOTE 18 Events after 30 June 2020

flatex acquires DEGIRO

Regarding the acquisition of DEGIRO by flatex AG, we refer to the forecast report in the half-year group management report.

Start of the partnership with Borussia Mönchengladbach

At the end of the past six months, flatex AG concluded a three-year contract with Borussia Mönchengladbach effective 1 July 2020, thus becoming the new main sponsor of the Bundesliga football club.

Changes in the shareholder structure of flatex AG

On 2 July 2020, the two major shareholders of flatex AG – GfBk Gesellschaft für Börsenkommunikation mbH ("GfBk") and Heliad Equity Partners GmbH & Co KGaA ("Heliad") – announced that up to 2,300,000 shares would be sold to institutional investors in a private placement. This increases the free float of flatex AG to more than 70%. Following the private placement, Mr Förtsch, as sole shareholder in BFF Holding GmbH, will no longer exercise a controlling influence over flatex AG via GfBk directly and indirectly via Heliad. The ultimate parent company of the flatex Group is thus flatex AG.

Uplisting of flatex AG shares

flatex AG is planning to move its listed shares from the free trade ("Scale Segment") to the regulated market ("Prime Segment") of the Frankfurt Stock Exchange ("uplisting") in the fourth quarter of 2020. As things stand at present, there is a possibility that the shares of flatex AG will meet the requirements for inclusion in the SDAX after the change.

Frankfurt am Main, 30 July 2020

flatex AG

Frank Niehage
CEO, Chairman of the Management Board

Muhamad Said Chahrour
CFO, Member of the Management Board

Certificate after audit review

CERTIFICATE AFTER AUDIT REVIEW

We have reviewed the condensed consolidated interim financial statements – comprising the income statement, statement of comprehensive income, balance sheet, condensed statement of changes in equity, condensed cash flow statement and selected explanatory notes – and the interim group management report of flatex AG, Frankfurt am Main, for the period from 1 January 2020 to 30 June 2020. The preparation of the condensed consolidated interim financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU and of the interim group management report is the responsibility of the Company's management. Our responsibility is to issue a review report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in material respects, applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU.

Frankfurt am Main, 17 August 2020

BDO AG
Wirtschaftsprüfungsgesellschaft

Otte	Hebel
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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